SQRL

High Performance Solutions
for Tomorrow's Data

Seed Round
March 2021

Demand for live stream digital video content outstrips the ability of the supply base to process and deliver

Pain points in the video streaming economy

Bandwidth Constraints

– Digital video providers consume >60% of all internet bandwidth globally

– High definition video streaming growing at >20% CAGR

– During COVID lockdowns, governments mandated 25-30% reduction in streaming quality

Underutilized Capacity

– New market entrants for data services face high CAPEX with low utilization

– Slows capacity growth industry-wide

Shift to live-streaming poorly supported by legacy infrastructure

– Live-stream entertainment, such as Twitch gaming, is 61% revenue share

– Transcoding live stream content to archived video on demand is slow and costly on legacy software
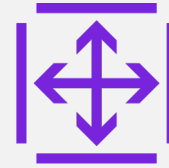
Expensive solutions, slow innovation

– Tailored solutions require high NRE and capital roll out

– >2 years to bring new ASIC based solutions to market

Source: SQRL; Grand View Research

SQRL makes it cheaper and faster to transition live stream content to VOD

SQRL fixes the most pressing problems for video streaming providers

Video Compression

– We can reduce bandwidth constraints for high-definition video by up to 30%

– Enables high-definition streaming with lower bandwidth and storage requirements
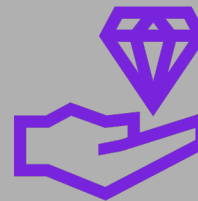
Blockchain pays the bills

– Our power efficient hardware solutions can mine Ethereum with excess capacity; defraying the cost of operations

– Helps us control cost by paying OPEX

Flexible solutions

– Cutting edge data accelerator designs enable multiple applications off the same hardware

– Reduces capital requirements and NRE for customers

Rapid innovation

– Access the world's foremost experts enables short development cycles to facilitate rapid rollout

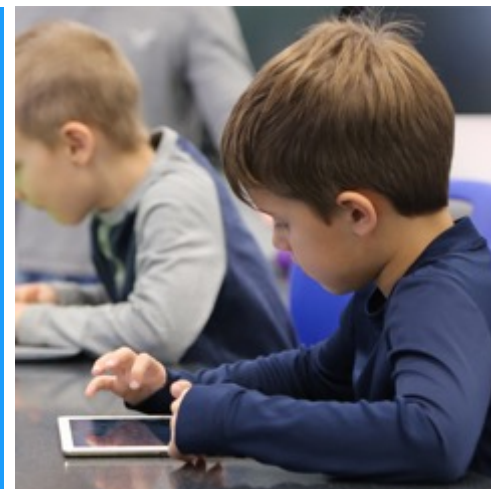– Reduces NRE cost for our customers

Source: SQRL

SQRL's access to cutting edge video IP is a critical enabler

- Partnership with Squirrels, Inc. enables access to Audio/Video and Unified Communication IP and development
- Long-term licensing deals with Fortune 1000 partners creates unique SQRL customer opportunities

HOME USE
—
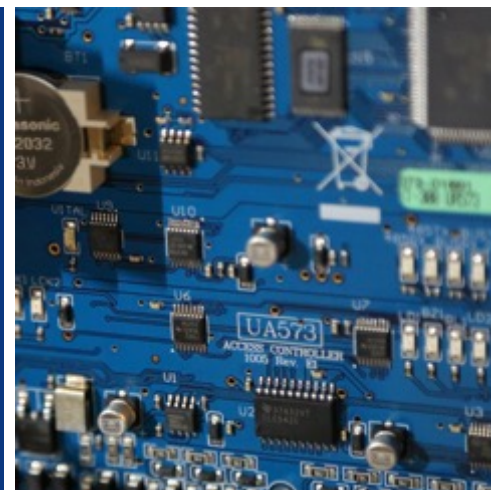Squirrels products are in use in millions of homes in more than 180 countries.

EDUCATION
—
Reflector and ClassHub technology is used in more than 100,000 classrooms by millions of students.

BUSINESS
—
Squirrels products help facilitate countless business meetings and brainstorm sessions every year.

OEMs
—
Squirrels technology is used by a growing number of OEMs selling millions of units annually.

Source: SQRL

SQRL has fielded a series of bleeding edge compute devices to serve as the backbone of our transcode offering

Cryptocurrency FPGA demand amortizes ramp-up of SQRL production facilities

BCU-1525 (Mid 2018)

Launch the BCU-1525 FPGA into the crypto market to take first-mover advantage and establish SQRL as a leader in the FPGA and mining space with the **VU9P**
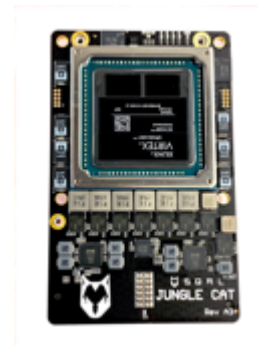
Forest Kitten 33 (Spring 2019)

- World's first HBM2 + FPGA
- Proof of SQRL's ability to compete with GPUs in data accelerator space
- Software developed for cryptocurrency mining

JungleCat Platform (Q4 2019)

- Premium platform for high density and ultra low power
- Built for enterprise customers and professional miners

NextGen JCMs (Q4 2020)

- Build on the ecosystem of the JungleCat platform
- Can deploy Intel PSG Technology and customized carriers
- Target crypto and traditional data center applications (Audio/Video, live-streaming)

Demand for video services and cryptocurrency services has skyrocketed due to COVID-19

Why now?

Video Transcoding and Live Streaming

– Increased remote collaboration has supercharged demand for live video transcoding services
– Capacity to support transcoding of increased video products has lagged the demand for these products

SQRL has supply-side marketplace advantage strategic chip allocations

– Access to up to 10k high end FPGA chips and High Bandwidth Memory modules to accelerate growth; available <1month
– Other suppliers must wait ~1-year for similar data accelerators
– Strong supplier relationships across entire supply chain of components

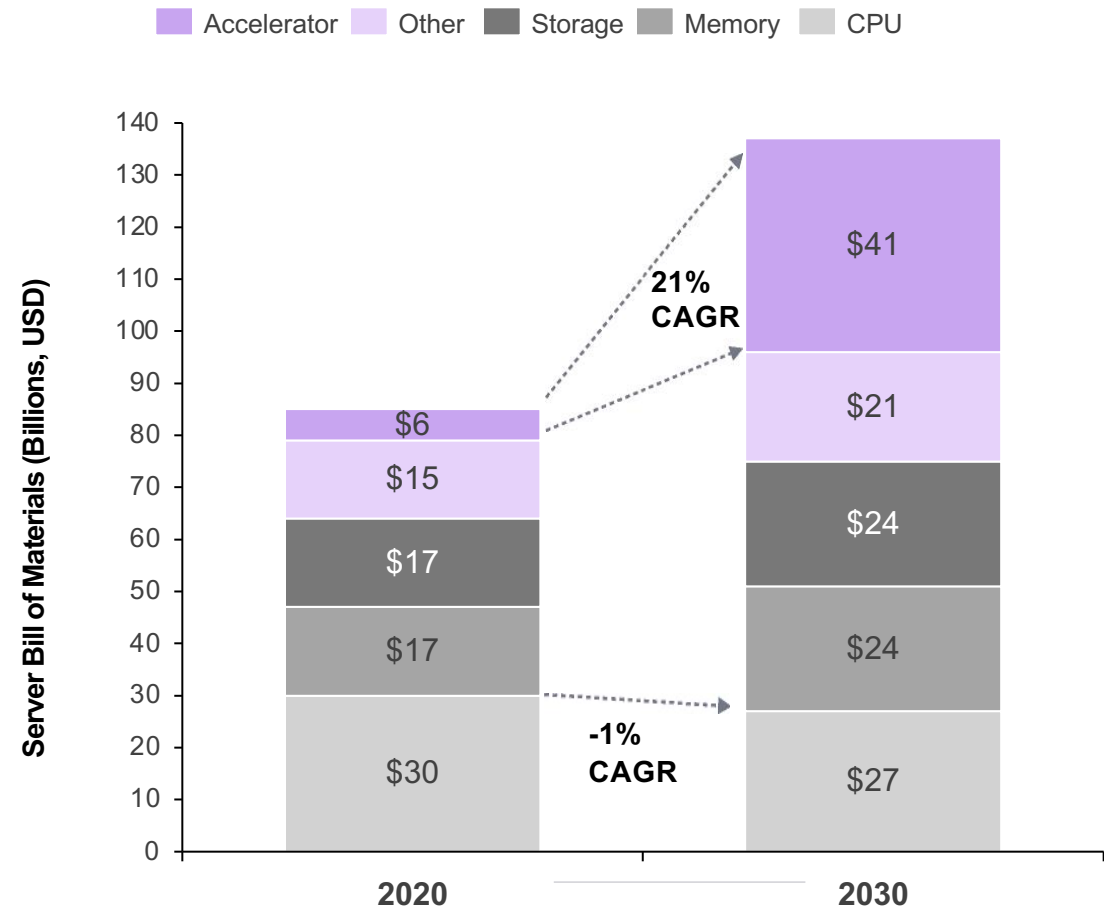**Cryptocurrency has hit new highs, with strong institutional support**

– Proprietary mix of hardware and software will help fund SQRL's growth
– Unique advantage for SQRL due to low availability of new hardware to support growth at other firms
– Incredible growth potential for current operations

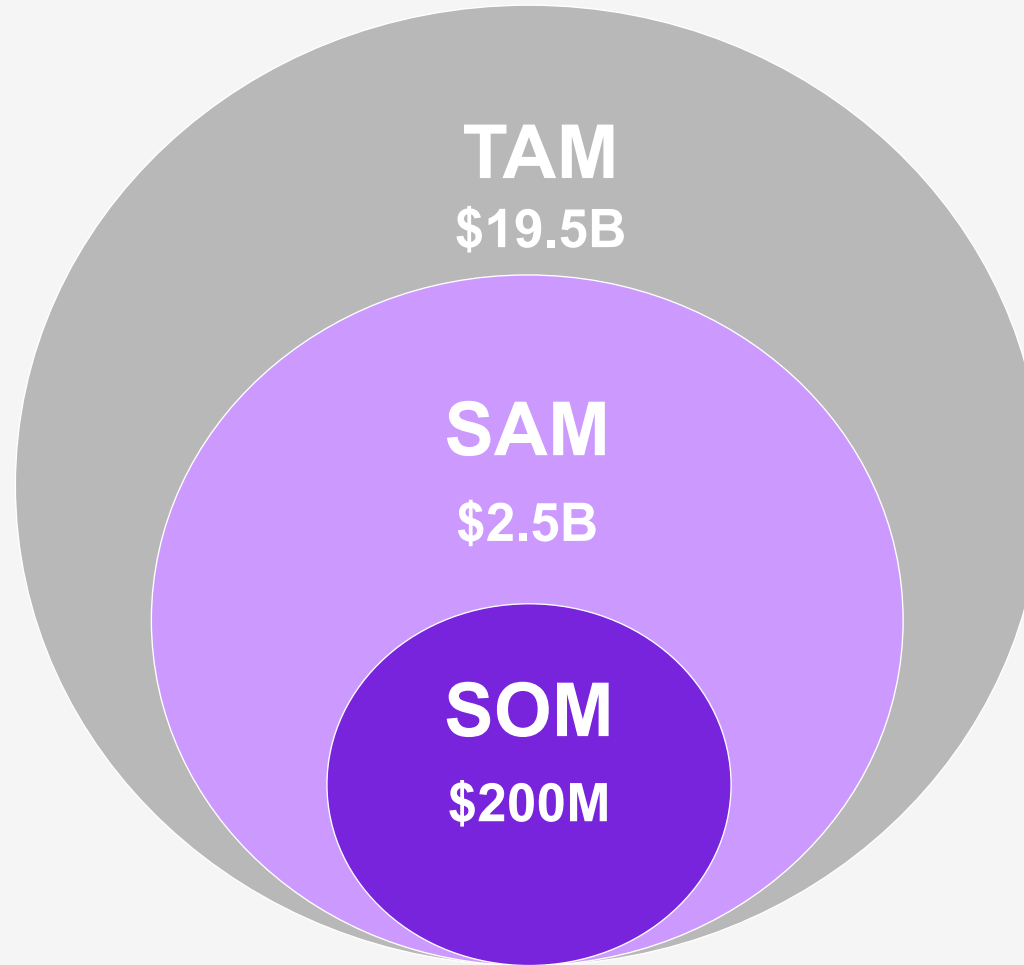# Macro trends in server development favor SQRL's emphasis on accelerators

Why now?

- Accelerators, such as field programmable gate arrays (FPGAs), perform the most demanding computing tasks including artificial intelligence (AI), analytics, drug discovery, and cloud gaming.

- SQRL's focus on bleeding edge FPGA development coupled with high bandwidth memory applications offers a competitive advantage to compute only data service providers.

Legend: ■ Accelerator ■ Other ■ Storage ■ Memory ■ CPU

Server Bill of Materials (Billions, USD)

2020
- CPU: $30
- Memory: $17
- Storage: $17
- Other: $15
- Accelerator: $6

2030
- CPU: $27
- Memory: $24
- Storage: $24
- Other: $21
- Accelerator: $41

21% CAGR (Accelerator)

-1% CAGR (CPU)

Initial focus is on video transcode services, with an obtainable market share of $200mn

Market Opportunity Overview – Video Transcoding

TAM
$19.5B

SAM
$2.5B

SOM
$200M

US Video Streaming Market
- Expected to grow to $80B by 2025
- 21% CAGR

US Video Transcode Market
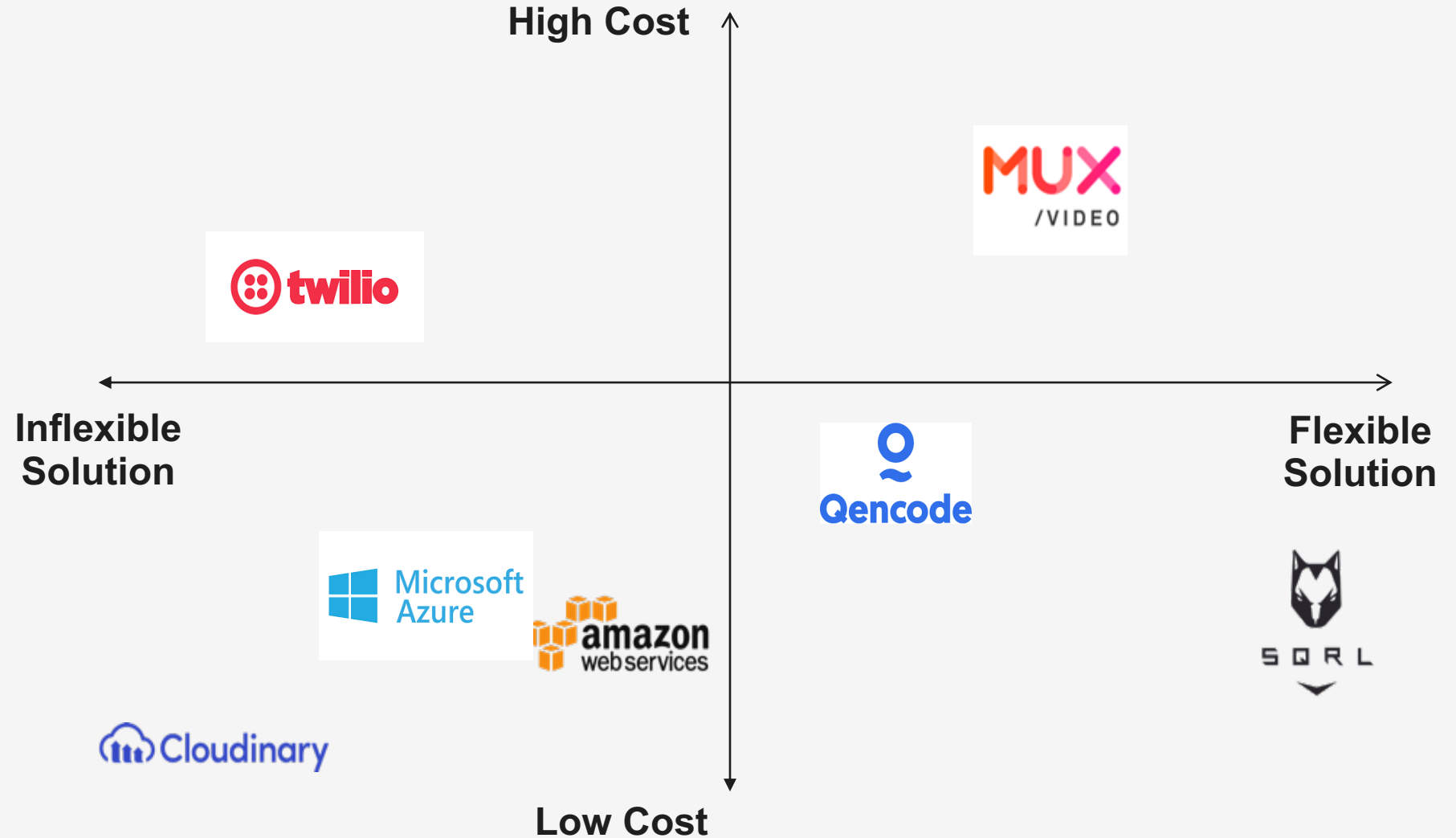- Emphasis on live content -> VOD

Target Video Transcode Market
- SQRL FPGA solution is 10x more capital efficient than current solutions
- 25% power consumption of competitors

Additional markets will be engaged as we expand services – AI, ML, video analytics, sensor data management, blockchain

Source: SQRL; Grand View Research

SQRL's product redefines the industry benchmark for a cost efficient, flexible video transcoding solution

Video Transcoding Market overview

High Cost

Inflexible Solution

Flexible Solution

Low Cost

Source: SQRL

SQRL targets $20mn in revenue by CY22, through multiple reinforcing revenue streams

Business Model

Sources of Revenue

Blockchain/ Cryptocurrency

- Funds OPEX and scale of business
- Fills excess capacity from data service operations

→

AV Data Services

- Video Transcoding
- UHD Livestream
- AI/ML applications

→

Contract Engineering

Leverage hardware and software development expertise

→

Hardware Production & Sales

→

- Finished Product for consumer/business use
- Prototyping services

CY22 Target Revenue by source (% of total)

___

$6mn (30%)

$9.4mn (47%)

$1.6mn (8%)

$3mn (15%)

___

Total: $20mn

SQRL is already profitable and poised for rapid growth

FY23 EBIT ~$50mn

EBIT Projection ($mn)

	2021	2022	2023
Revenue	8.4	20.1	69.9
Expenses[1]	6.9	8.1	23.7
EBIT	1.5	11.9	46.2

1. Includes cash flow reinvested in capital investments (infrastructure; FPGA capacity)
Source: SQRL

$7mn raise enables rapid growth over the next year

Use of funds

Source: SQRL

3500 JC35 modules online
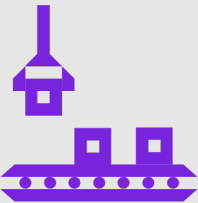**(~$500k/mo cashflow)**

May 2021

3000 JCMX Modules online
(~$450k/mo cashflow)

July 2021

Expanded production and data center staff

Jul-Sep 2021

Hire CFO to guide growth

July 2021

Hire sales staff to ramp-up data services pipeline

Aug-Dec 2021

Our team has the right mix of passion and experience

David Stanfill
CEO

- Co-founded Squirrels

- Developed an iOS "Top 100" app

David Jiminez
Advisor, Board Member

- 20+ years of IT and Data Services Experience

Jessica Gritzan
COO

- Grew Squirrels sales by 200%

- Awarded "Notable Women in Technology" (2018)

Unfair access to the world's most skilled FPGA programmers

Source: SQRL

This is an opportunity to invest in…

A profitable, rapidly growing company

Market defining product in high growth video streaming industry

Expert engineering team with proven ability to deliver

Thank you!